

How regtech savvy are you?

Banking Technology and BearingPoint have conducted a brief survey to find out the industry view on regtech and its implications for all parties involved.

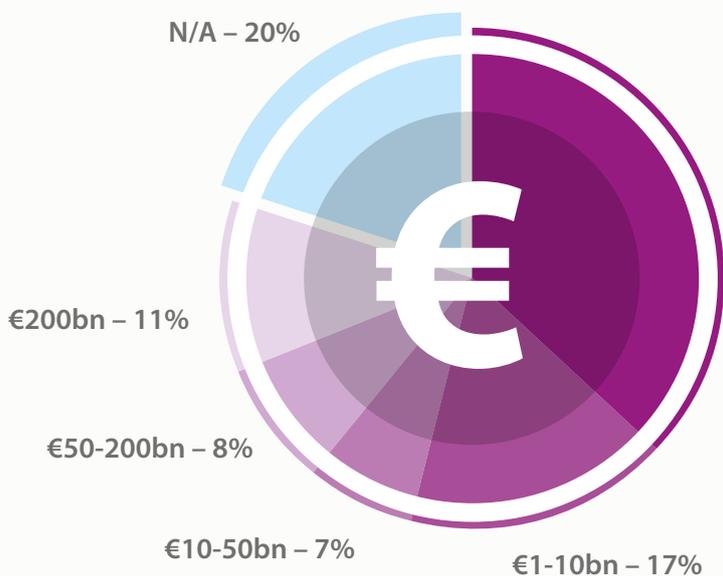
All is revealed...

SURVEY PARTICIPANTS

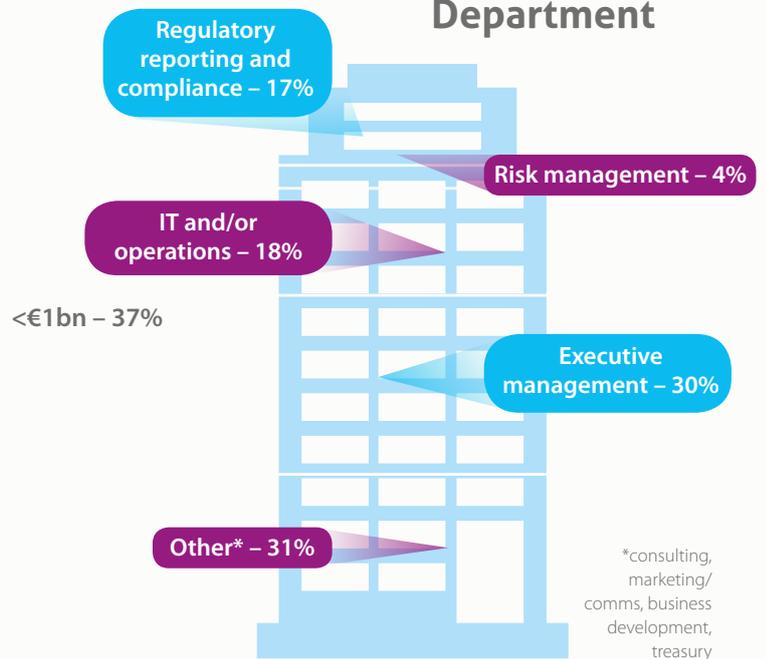
Banks, financial institutions, regulatory bodies, government organisations, industry bodies and trade associations from across the globe took part in the survey.



Company's size



Department



THE PEOPLE HAVE SPOKEN

The key benefits of regtech for the financial services industry

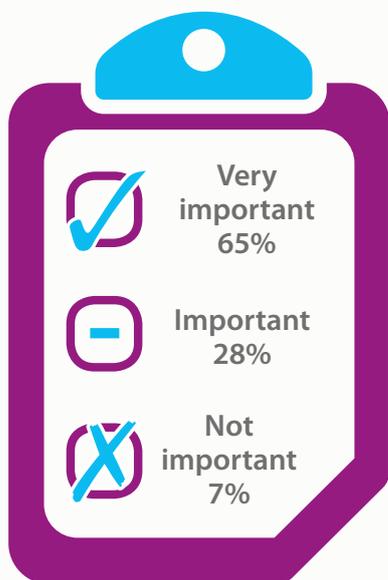


Areas of regulatory reporting and risk management to benefit the most from regtech

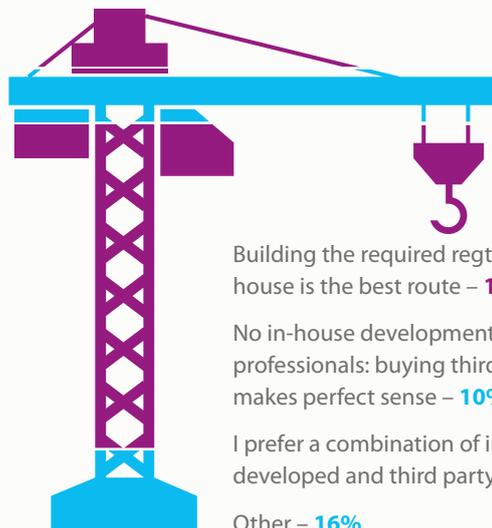


- * Business continuity
- * Rules implementation and policy compliance
- * Automatic record keeping
- * Regulatory returns
- * Law monitoring
- * Automation
- * Distribution

The importance of regtech in managing regulation and reporting in the future



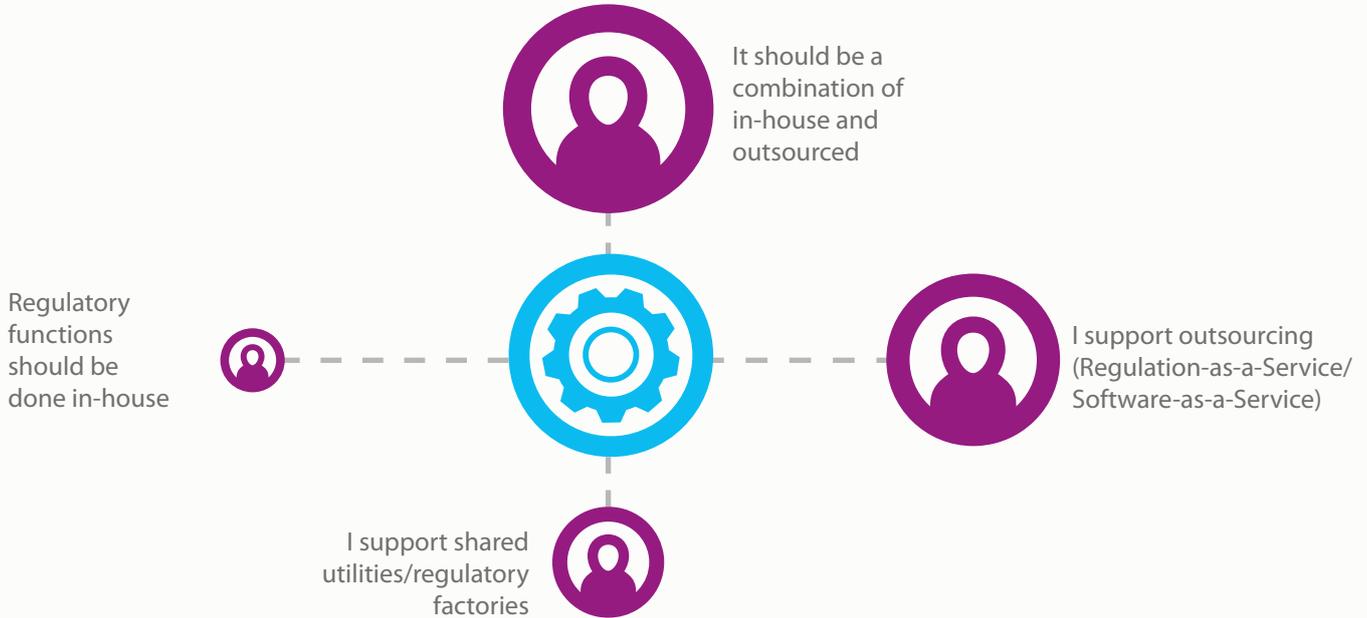
BUILD OR BUY?



OUTSOURCING

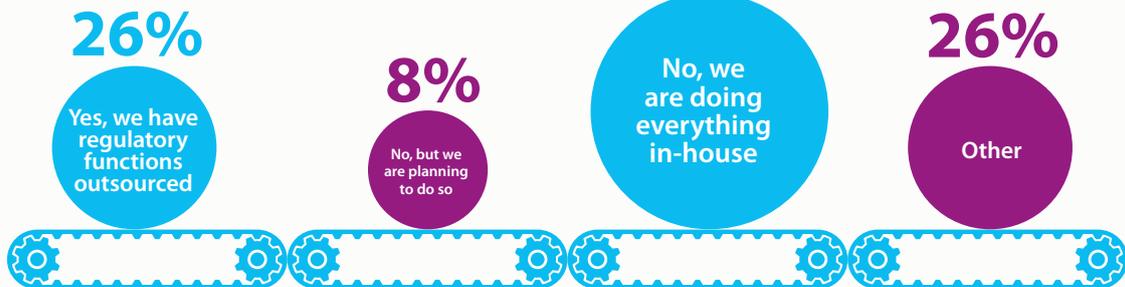
We asked: what is your view on outsourcing regulatory functions?

Answers:



We asked: is your organisation already outsourcing regulatory functions or planning to do so?

Answers: 40%



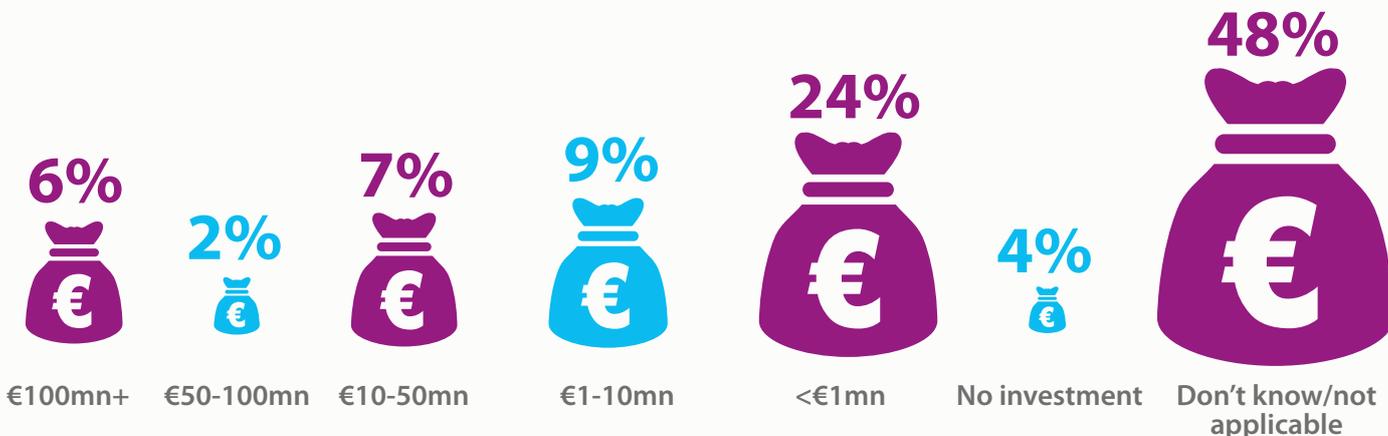
We asked: what is/would be the main purpose for regtech outsourcing at your organisation?

Answers:



IT'S ALL ABOUT THE MONEY

Investment currently made by organisations in regtech initiatives

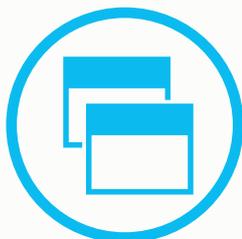


Initiatives on regulations and compliance organisations currently investing in



Regulatory reporting utilities

Anti-Money Laundering (AML) and Know Your Customer (KYC)



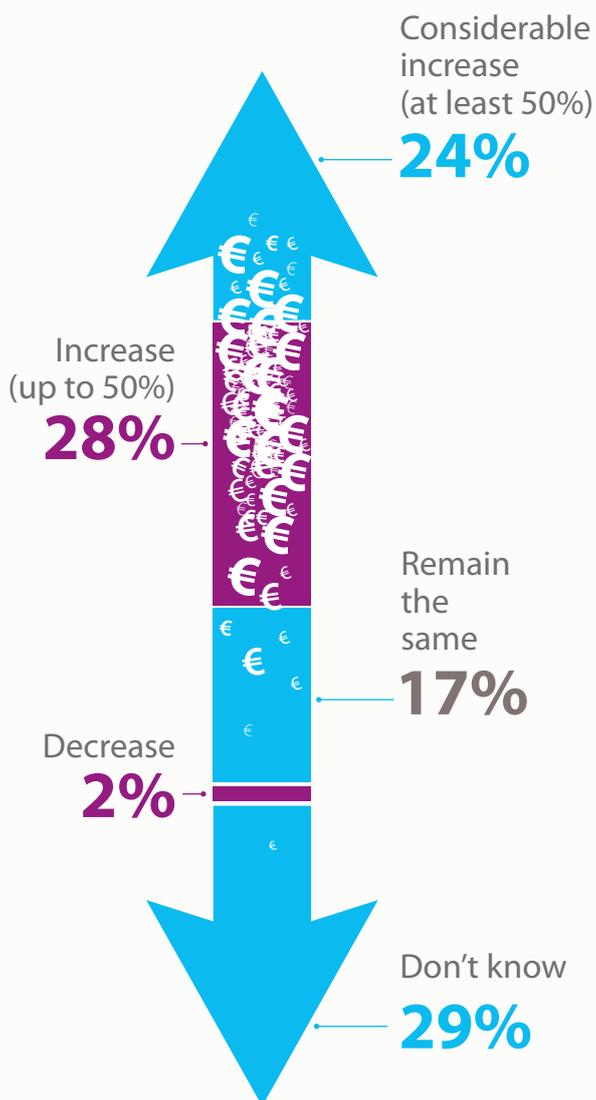
Platform integration

Blockchain



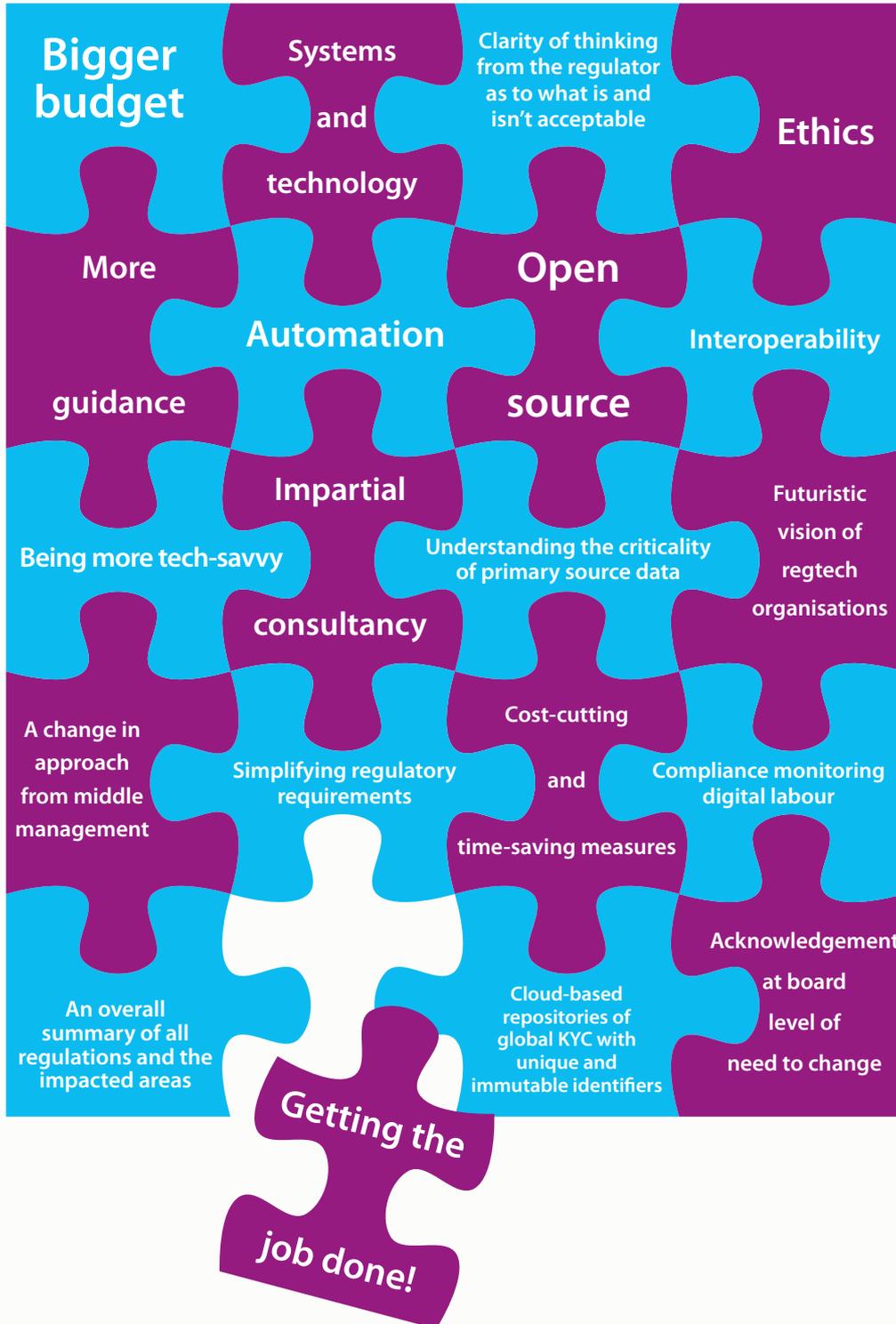
Other

Plans to increase investment in regtech in one to three years



AND FINALLY

If there is one thing that you could wish for that would help you achieve your regulatory and risk departments' vision for the future, if anything, what would it be?



Get ready to embrace regtech

Is adopting regtech solutions just a nice-to-have, or is it a must for any business to ensure compliance and good practice? What are the key drivers to adopt it? How can regtech benefit an individual organisation and the industry on the whole, if at all? Build or buy? In-house or outsource? And what's on the companies' wishlist?

Banking Technology and *BearingPoint* teamed up to create a comprehensive study on the subject (and some nifty infographics). Dr Maciej Piechocki, partner at BearingPoint, and Anne Leslie-Bini, director, discuss the findings of the survey.

Leslie-Bini says it is "encouraging to see" the priority regtech is now gaining, with 93% of the respondents describing it as "very important" and "important".

"The overall results of the survey reflect our own findings, especially the key benefits of regtech for the financial services industry, such as cost-cutting, reducing risk and compliance complexity, automating and streamlining the processes, and increasing transparency," she comments.

Piechocki flags the survey respondents' inclination towards outsourcing and investment in regulatory reporting utilities – also in line with BearingPoint's own research.

"We see a significant pick-up in regulatory utilities like AuRep in Austria, for example," he notes.

The reason is evident: "For each regulatory change, firms go through the same process of seeking external interpretation, carrying out internal analysis, and then sourcing and processing data through their individual data models and systems – a highly intensive process requiring large investments of time and resource." The utility takes away these pains.

Piechocki also muses over the motivation that lies behind the strong preference for a mixture of in-house make and external buy (63%).

"Does it indicate a desire on the behalf of firms to maintain control? Or perhaps it shows a partial lack of trust in the capabilities of current regtech solutions? Or an absence of a 'perfect fit' of external solutions with firms' perceptions of their requirements?"

He continues: "Due to the growing complexity in regulation and new technologies like blockchain, big data and artificial

intelligence (AI), no financial institution, regulator or solution provider is able to understand the complexity alone.

"We are convinced that close collaboration between all stakeholders along the regulatory value chain could form a catalyst for innovation and efficiency that can make a significant contribution to strengthening financial stability. We will be discussing this further at our international RegTech Convention later this year."

Leslie-Bini adds: "The world's largest regulatory utility, AuRep, is an example – it is the result of a dialogue between the Austrian regulator OeNB and the banks, a joint venture using BearingPoint's Abacus as a central interface between the banks and the OeNB."

BearingPoint's next-generation regtech initiative – Abacus360 – is hoped "to make this vision a reality", she says. This regtech/risktech platform has a single multi-jurisdictional data model and common methodologies, open for third-party providers like our alliance partners, she explains.

"Using our Abacus360 platform we have designed UKRep, a concept to industrialise the entire regulatory reporting process by providing a single industry utility."

And what are the views about the respondents' wishlist?

"The wishlist shows a broad mix of things that are technology-oriented, process-oriented and some other factors that are very 'human' in nature, such as ethics, an acknowledgement by the board of the need for change, a change in approach from middle management, impartiality," Leslie-Bini says.

"Our view is that regtech requires modern technology and deep expertise in regulation, but that the full value is only realised when these are leveraged in combination with sound human judgement and process design." **bt**

*Tanya Andreasyan,
Editor, Banking Technology*

